

RHB ASIAN REAL ESTATE FUND

This Fund aims to achieve a long term capital appreciation through investments in the real estate market.

INVESTOR PROFILE

This Fund is suitable for investors who:

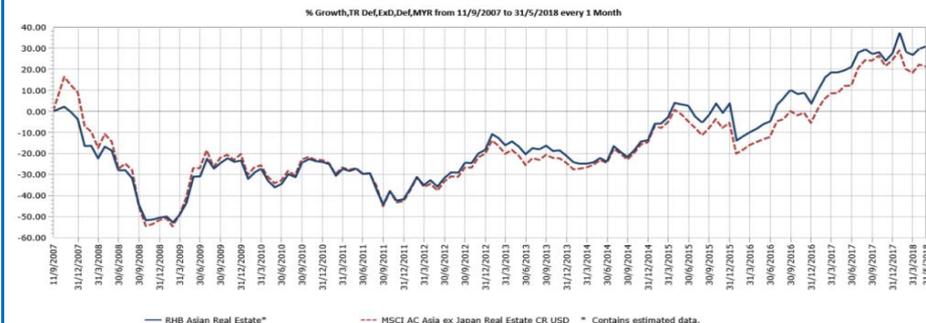
- wish to participate in the opportunities offered by the Asian real estate markets;
- are willing to accept moderate to high risk in their investments; and
- prefer capital growth rather than income over a long term period.

INVESTMENT STRATEGY

- Up to 98% of NAV (with at least 70% of NAV in equity): Investments in primarily Asian real estate securities and listed Real Estate Investment Trusts (REITs).
- 2% - 5% of NAV: Investments in liquid assets including money market instruments and deposits with financial institutions.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	0.88	2.11	5.56	2.55
Benchmark	-0.82	0.84	-0.28	-2.46

	1 Year	3 Years	5 Years	Since Launch
Fund	9.65	26.72	57.03	30.90
Benchmark	8.18	23.04	53.80	21.26

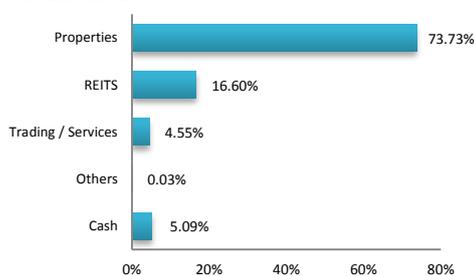
Calendar Year Performance (%)*

	2017	2016	2015	2014	2013
Fund	22.97	0.04	20.18	9.37	-3.54
Benchmark	31.42	-0.05	11.03	13.08	-5.65

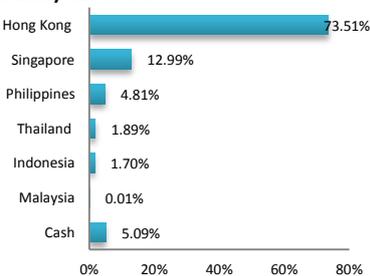
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

CK ASSET HOLDINGS LTD	8.61
SUN HUNG KAI PROPERTIES LTD	8.32
THE LINK REIT	7.37
LONGFOR PROPERTIES	7.01
SHIMAO PROPERTY HLDGS LTD	6.22

*As percentage of NAV

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.6647	0.6977	0.6977
Low	0.6333	0.5969	0.2187

Source: Lipper IM

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MANAGER'S COMMENTS

MARKET REVIEW

China property sector ended the month of May lower. Bond defaults and jitters on the overall market are pain points on the sector. Contracted sales for major developers in 5M18 rose 31% yoy, according to China Real Estate Information Corp (CRIC). Sales in May jumped 21% from April. Overall, by May 18, major developers achieved 33% of overall sales target. Despite encouraging data points, balance sheet deleveraging as well as rising funding cost are key overhangs on the performance of this sector.

Hong Kong property shares ended marginally higher in May, climbing back from its lows. The report card for the HK companies' earnings are generally positive. Our position in one of the major HK property company was rewarded this month. The company announced that they planned to convert and sell one of its serviced apartments as residential units. Notably, this will improve the capital management of the company and the Company could pay out a proportion of the proceeds as dividends, given the substantial disposal size. We see potential future catalysts include strong retail recovery and growth, and disposal of non-core assets for HK companies.

ASEAN property shares ended mixed in March. Leading the advance was the Philippines. The rest of the markets were down with Singapore property market falling the most. Singapore en bloc market continue its strong momentum but investors have grown increasingly worried about the markets being toppish and possibility of Government's intervention should affordability be further impacted. Singapore REITS sector outperformed developers in May.

MARKET OUTLOOK AND STRATEGY

We maintain our positive view over China property sector but favour the companies who have ample funding resources. Sell-through rate for new launches and improving sentiment in the secondary market reflect robust end-user housing demand. So far, major developers are on track to deliver their sales target for the year. Property domestic bonds have accelerate partly to roll over existing debt. We uphold our view that asset churn could be even faster for listed developers due to better capital redeployment. Currently, large-cap names having solid market share, or mid-cap names with low valuation and high dividend yield are our top picks.

We are getting a little more comfortable on Hong Kong property sector as we are seeing corporates refining their capital management strategy to adapt to this current environment. The property market will likely to remain active with forecast of 10-15% increase in housing prices for 2018. As of April, housing prices were up 10% compared to the end of 2017. Increasingly, we are seeing the concerns on the rising interbank rates and weaker HKD getting priced into the equity. Again, developers with strong balance sheets, abundant farmland reserves or enlarged recurring incomes from overseas projects are still our preferred choice.

We remain selective in ASEAN property stocks. We keep our positive view over Philippines and Singapore. For Philippines, we maintain our positive view over landlords despite near-term policy headwind, and also positive on large developers with exposure in urban areas outside Metro Manila where demand growth is the strongest. We like Singapore developers where the recovery in the physical market continues to broaden however we are cognizant that property markets might face increasing risks. We remain neutral on Indonesia. Although achieved presales and guidance from developers have improved, but near term catalyst is still absent given smart money stays sidelined. Macro risks will remain a drag for this year.

DISCLAIMER:

Based on the fund's portfolio returns as at 15 May 2018, the Volatility Factor (VF) for this fund is 16.1 and is classified as "Very High". (source: Lipper) "Very High" includes funds with VF that are more than 10.6 (source: Lipper). The VF means there is a possibility for the fund in generating an upside return or downside return around this VF. The Volatility Class (VC) is assigned by Lipper based on quintile ranks of VF for qualified funds. VF is subject to monthly revision and VC will be revised every six months. The fund's portfolio may have changed since this date and there is no guarantee that the fund will continue to have the same VF or VC in the future. Presently, only funds launched in the market for at least 36 months will display the VF and its VC. The VC referred to was dated 31 December 2017 which is calculated once every six months and is valid until its next calculation date, i.e. 30 June 2018.

A Product Highlights Sheet ("PHS") highlighting the key features and risks of the Fund is available and investors have the right to request for a PHS. Investors are advised to obtain, read and understand the PHS and the contents of the Master Prospectus dated 3 September 2017 and its supplementary(ies) (if any) ("the Master Prospectus") before investing. The Master Prospectus has been registered with the Securities Commission Malaysia who takes no responsibility for its contents. Amongst others, investors should consider the fees and charges involved. Investors should also note that the price of units and distributions payable, if any, may go down as well as up. Where a distribution is declared, investors are advised that following the issue of additional units/distribution, the NAV per unit will be reduced from cum-distribution NAV to ex-distribution NAV. Any issue of units to which the Master Prospectus relates will only be made on receipt of a form of application referred to in the Master Prospectus. For more details, please call 1-800-88-3175 for a copy of the PHS and the Master Prospectus or collect one from any of our branches or authorised distributors.

The Manager wishes to highlight the specific risks of the Fund are real estate risk, foreign investment risks such as country risk and currency risk and equities investment risks such as market risk and particular security risk. These risks and other general risks are elaborated in the Master Prospectus.

This factsheet is prepared for information purposes only. It does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive it. Past performance is not necessarily a guide to future performance. Returns may vary from year to year.